IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA

WALTER BECK CORPORATION d/b/a

Civil Action No. 04-348-Erie

THE RAINBOW INN,

Judge Maurice B. Cohill, Jr.

Plaintiff,

vs.

SAFECO CORPORATION, AMERICAN ECONOMY INSURANCE COMPANY, and AMERICAN STATES INSURANCE COMPANY,

ELECTRONICALLY FILED

Defendants.

SECOND JOINT STATUS REPORT

Pursuant to the direction of the Court, the parties file the following Second Joint Status Report.

The parties have continued to engage in ongoing settlement discussions. Again, it remains uncertain whether a mutual ground will be reached. However, progress has been made and the Plaintiff and Defendants feel that two more weeks of discussions are warranted. In that two week period, Plaintiff plans to develop certain cost information for Defendants to consider regarding portions of Plaintiff's losses.

To accomplish the development of that information, the parties jointly request a continued negotiation period of two weeks at the end of which, the parties will jointly report the result of their activity.

Date: May 16, 2007

Meyer, Unkovic & Scott, LLP Anstandig, McDyer & Yurcon, P.C.

By: s/ Joshua R. Lorenz
Joshua R. Lorenz, Esquire
Counsel for Plaintiff

By: s/ Daniel P. McDyer
Daniel P. McDyer, Esquire
Counsel for Defendants

AND NOW, this 17th day of May, 2007, IT IS SO ORDERED.

Manne D, Colul, W.
Senior United States District Judge